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4701 WILLARD AVENUE, CHEVY CHASE, MARYLAND 20815 (301) 656-4068

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PROGRAM Morning Edition STATION WAMU-FM NPR Network

DATE June 6, 1986 7:10 A.M. CITY Washington, D.C.

SUBJECT James Bamford Discusses Pelton Case

BOB EDWARDS: Joining me now is James Bamford, an authority on the National Security Agency, which employed Ronald Pelton. Bamford's also written a book about the NSA called "The Puzzle Palace."

The government wanted to prosecute Pelton without revealing too much sensitive information. Do you think they succeeded?

JAMES BAMFORD: Yes. It was pretty well orchestrated, I think. They determined exactly what they were going to release beforehand. I think what they didn't count on was that the press would try to elaborate on what they were going to discuss in court. I think even though they did limit what they discussed in court, there was a fair amount that was given out, such as the fact that we are actually breaking Soviet codes successfully; the fact that we were able to intercept and apparently get intelligence from communications between the highest level of the Soviet Union and the secondary, which I think is very important; and also that we were able to bug undersea cables in the Soviet Union.

EDWARDS: During the trial, Pelton testified that he told the Soviets about what's being called Project A. What do we know about that project and how important is that information to the Soviets?

BAMFORD: Well, Project A was probably the project that was code-named Ivy Bells. And basically, what it was, apparently, is that a link of Soviet communications, an undersea cable linking one part of the Soviet Union to the other across the Sea of Okhotsk, was bugged by a device set out by a submarine. A

submarine pulled near it and frogmen went out and attached a device, and the device either recorded or transmitted back to the United States information over that link.

That was very damaging, I would think, because the Soviet Union apparently had no knowledge that it was there, and the United States was getting very good information on it. Pelton was able to give exact locations where it was.

EDWARDS: William Crowell, who heads the NSA's signals intelligence operations against the Soviet Union, says Pelton allowed the Soviets to capitalize on NSA weaknesses and gave them an understanding of U.S. intelligence-gathering priorities.

What sort of damage has Pelton done to U.S. national security?

BAMFORD: Well, in terms of our gathering intelligence, electronic signals intelligence on the Soviet Union, he's done probably a tremendous amount of damage. One of the primary reasons for that was that Pelton, whose job was probably that of a signals conversion specialist, which means transferring Soviet signals into understandable English signals, he had access to a wide range of virtually everything that we're able to intercept from the Soviet Union. So the Soviet Union would now know where we're successful and where we're not. And where we are successful, they can change that system and then prevent us from listening to those circuits and those channels in the future.

EDWARDS: When Pelton left the NSA in 1979 he was only making $24,500 a year. And yet he'd been involved in a supersecret operation like Project A. How do you explain that?

BAMFORD: Well, there are quite a few people at NSA that are middle- and lower-level that have wide accesses. The rank doesn't really have that much to do with it. Somebody that works in the teletype room is going to see messages going all over the agency, whereas a senior-level official might see messages only in one project.

Pelton, one of his responsibilities was that of budget. And as part of the budget process, he had to have access to not only what the NSA was doing currently, but what the NSA was planning in the next five years in a wide range of areas. So he fit into one of those categories where you really can't keep everything compartmented.

EDWARDS: And he had trouble with his personal budget. Should the NSA have known that Pelton filed for bankruptcy before resigning from the agency in 1979?

BAMFORD: It's hard to keep track of everything that goes on. I assume that if they had agreements with the banks to let them know if there were bankruptcies of their employees, I think that would invade privacy. The only other way of knowing would be to have continuous polygraphs. And again, that's a problem.

So, there are certain things the NSA can't know all the time.

EDWARDS: Has the NSA learned anything from the Pelton case, do you think?

BAMFORD: I think there may be some changes in employees when they leave the agency. There may be an agreement that they have to sign where there'll be subjected to polygraphs for the next five years or so after they've left the agency. Because a lot of times, once they've left the agency, the information, especially like in the Pelton case, where it dealt with plans in the future, will be good regardless of when he tells the Soviet Union.

EDWARDS: Thank you very much.

James Bamford is author of "The Puzzle Palace," a book about the National Security Agency, which intercepts communications and breaks foreign codes. James Bamford spoke to us from Boston.